



# The Mortgage Shop

**BY EMAIL ONLY**

**J.Hales@gov.je**

**Janice Hales**

**Scrutiny Officer**

**Corporate Services Scrutiny Panel**

22 April 2016

Dear Janice

I am replying to your email dated 7 April requesting comments on the areas that the Scrutiny Review Panel will consider in relation to domestic property transactions in the Island.

By way of background I established The Mortgage Shop 26 years ago and in the intervening years we have been responsible for arranging thousands of mortgages for First Time Buyers, home movers and wealthy immigrants.

Prior to that I was employed as a Conveyancer by a leading legal practice then moving to the States of Jersey being involved in property and housing management.

Dealing with the items as they appear in your letter dated 8 April 2016.

1. The average length of time that transactions take to progress from offer and acceptance to completion – **We always advise our clients to allow between 4-6 weeks for this process, although if there is a contract race or a pressing reason to do so we will fast forward the application process whenever possible.**
2. The average time to complete transactions - **Breaking down the process we allow up to 2 weeks from initial meeting with clients to obtaining Approval in Principle for them from lenders. The next stage is for the valuer to be appointed at which time the purchasers are advised to instruct their lawyer. Allowing a maximum of 2 weeks for the valuation to be completed the mortgage offer letter usually takes 3 days following this, so leaving plenty of time for completion on the Friday of the 6<sup>th</sup> week.**
3. Whether there is evidence of;
  - A widespread problem with late failures of transactions – **in our experience this does not exist. There will always be a percentage failure rate and this will be brought on by a property not standing up to scrutiny from the valuer or surveyor, or purchasers, sometimes vendors, changing their minds.**
  - Transaction aborted at a late stage tended to cause one or more parties to incur significant legal and other fees, plus considerable inconvenience – **most legal practices adopt a realistic attitude where a problem does occur at a late stage and whilst certain fees are chargeable, they acknowledge that the client will probably return within several months with another property to buy.**
  - Material negative impact on utility providers and other third parties arising from aborted transactions – **nothing significant has been experienced here**
  - Material legal, financial, administrative and other complications remaining unidentified until the final days of a transaction process – **it is a well known fact that if a transaction is going to fail or be delayed this will happen on the Thursday before the Friday Court, as many lawyers**

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tend to leave the site visit until the last moment. This situation has existed for decades and is unlikely to be changed in a hurry.

4. Whether there are;
  - Specific bottlenecks affecting the average rate of progress of transactions – **these are attributable principally to lenders who will as a result of bank holidays, staff holidays, illness, computer down time, office moves etc end up at various times of the year with backlogs of 10 working days if not more, when turning around a mortgage application. At times of peak activity the small number of qualified valuers in the Island find it difficult to cope with volumes if they take holidays or are ill. Realistically there is no way in which this can be changed.**
5. Any other matters relating to the existing system of domestic property transactions, arising through evidence gathered – **the fundamental problems that are caused are principally due to Estate Agents, vendors or purchasers having unrealistic targets which are quite simply not attainable due to the constraints of the current system.**

**It has been suggested that purchase contracts should be put in place although these, in their own right, will not have any impact on speeding up the progress of a transaction and could be construed as being counter productive in that prospective purchasers would at times have difficulty in sourcing liquid funds to satisfy the requirements of a purchase contract.**

A general overview of the domestic property market in Jersey therefore is that everything is working as well as can be expected – is it inevitable that every now and then delays will occur but these are no different to the situation which has existed for many years.

Kind regards

*Peter*

Peter Seymour  
Managing Director